

STATEMENT OF RICHARD HELMS, DIRECTOR OF CENTRAL
INTELLIGENCE AGENCY

Mr. Chairman, we appreciate the opportunity to appear before your Subcommittee this morning to discuss H.R. 13705, a bill to amend the CIA Retirement Act of 1964 for Certain Employees.

As you are aware, Mr. Chairman, the Central Intelligence Agency Retirement Act of 1964 for Certain Employees was the outgrowth of extensive hearings by your Committee in 1963 on the Agency's need for an early retirement program. The Act covers those Agency employees who serve under conditions of service which shorten their career span. It authorizes a basis for earlier retirement than is normally possible under the Civil Service Retirement System which covers the majority of our employees. It is too early to make a firm determination that this retirement system will meet all of our contemplated objectives. Our experience to date, however, has been encouraging.

Many provisions of the CIA Retirement Act were patterned after the Civil Service Retirement Act. Subsequently, a number of relevant Civil Service provisions were amended. The principal purpose of H.R. 13705 is to update the CIA Retirement Act so as to make the benefits equitable with those of the Civil Service Retirement Act.

We are aware of the problems involved in dealing with a comprehensive legislative package this late in the Congress. H.R. 13705 has nine separate sections. All of the sections are important. However, one section is of overriding importance and at this time we are asking your consideration of that section only, deferring consideration of the other sections to a more opportune time.

The matter of overriding importance concerns maintaining the purchasing power of an annuity. When the CIA Act was passed in 1964 the formula for adjusting annuities for cost-of-living purposes was identical to that found in the Civil Service Act. In 1965 Congress passed a law which liberalized this formula for the Civil Service system. The difference between these formulas has created a very significant gap between the increases that can and have been granted under the CIA law and those which can and have been made under the Civil Service law.

If we permit this gap to continue, I am afraid we will be substantially weakening the effectiveness of the CIA Retirement Act and inevitably creating a situation which will have an adverse effect on the morale of annuitants and participants involved.

The legislative proposal we are asking you to consider today simply reestablishes and preserves equity between the CIA Act and the Civil Service Act on the cost-of-living adjustment of annuities. I strongly recommend your favorable consideration of this proposal.

With your permission, I should like to ask Colonel White, who as you know is the Executive Director of the Agency, to present the proposal to you in detail.

If I may, Mr. Chairman, I should like to be excused at this time in order to attend another important meeting. If you have any further questions following this hearing, I stand ready to discuss it with you at your convenience.

Thank you for giving me this opportunity to appear.